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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 004576

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SUBJECT: SIGNIFICANT PROBLEMS AT IRAQI PORTS OF ENTRY

Classified By: Edward W. Kloth, Acting Economic Minister
Counselor, for reasons 1.4 (b) and (d)

11. (C) Summary. The GOI is plagued by what seems a never ending stream of problems involving imports of vitally needed goods from petroleum products to grain. Smugglers, including terrorists and militias, seem to have little difficulty bringing people and weapons into the country. The Ports of Entry (POE) system in Iraq is poorly managed, and corruption is a major impediment to the passage of goods into Iraq. The problems are legion, including inadequate and ineffective control over cross border human and commercial traffic, and multiple layers of corruption by officials, militias and local political parties. There is no apparent central government control of the system. Solving the systemic problems will require considerable political authority that is beyond the national government's power for the foreseeable future. End Summary

Who's in Charge

12. (C) The organization of the existing Iraqi border operations appear designed for failure and abuse. No central national control over POEs exists. Authority over land Ports of Entry (POE) resides in the Ministry of the Interior (MOI). The Ministry of Transportation (MOTrans) has authority over the sea and air POEs. Customs occupies space inside the facilities of the ministry (MOI or MOTrans) in control of the POE. As far as can be determined, Baghdad headquartered ministries exercise no authority over customs/POE operations in KRG administered northern Iraq. In most cases, but not all, the MOI has the authority to hire and fire the non-Kurdish POE director. In some cases, but not all, the Baghdad headquarters of the General Commission for Customs (GCC) has the authority to hire and fire the non-Kurdish Customs POE directors. In most cases, ministries headquartered in Baghdad have control over POEs in the central region of Iraq, but have less control of POEs than the local governor or mayor in Shiite areas in southern Iraq. MOTrans has taken control of the sea POEs to extent that it hires and fires Customs and Border Police (CBPolice) officers inside the ports.

Golconda of Cash

13. (C) A POE is often the largest employer and non-oil income generator in a particular governorate or town. The local mayor or governor therefore usually assert considerable influence over the staffing and practices of "their" POE. Many POE employees are either members or the local militia or tribe or both, and in the border areas the local militia/tribe engages in cross-border smuggling.

Consequently having a militia/tribe member at the POE provides: 1) income from salaries though salaries are low, 2) facilitation of smuggling activities, and 3) funds for the local militia or political parties from a share of the bribes extracted from other shippers or civilians.

¶4. (C) Even if the POE staff wanted to do so, border facilities are ill-equipped to exercise effective control over traffic because most facilities are not compliant with minimal requirements (with the exception of Habur Gate and other areas in northern Iraq) for such duties. Loading and inspection docks are non-existent and inspections are cursory. X-ray scanners at commercially operable POEs are often deliberately "out-of-service" or lack the necessary electricity. Manifest data is poor. Weigh scales and inspection pits are non-existent. No formal structure for broker offices exists. There is no formal badge system or control of non-official people working in the POE. Officials wear no uniforms. There is poor control of vehicular traffic and human flow. Facilities and sanitation (with some exceptions) are very poor.

Fee for All

¶5. (C) Officially a 5% customs levy is believed to be collected everywhere, although no data is available from northern Iraq. A parking or trans-shipment fee may be occasionally charged. An additional 5% fee is charged in POEs located in southern Iraq and is retained by the local governor/mayor. Brokers negotiate with Customs officials what will be paid for a shipment. Unofficially cash may be demanded or offered upon entering a POE, at the 3-5 paperwork

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"checkpoints" inside the POE, for what are in any case cursory inspections. Passports are often returned only after money is paid. Under the Iraqi system customs officials are allowed to retain 40% of confiscated "illegal" goods leading to further abuses in the POE system.

¶6. (C) Such "unofficial" fees are inevitable because POE budgets do not seem to be distributed to POEs for management and maintenance. At a minimum, the budgeted amounts are inadequate. POE directors are forced to obtain funds to operate their POEs; however, it does not appear that much, if any, of these funds are actually used for facilities maintenance. (Note: Significant USG funds have been spent for basic border facilities and equipment over the last two years, but without regular maintenance, equipment inevitably deteriorates and becomes inoperable. End Note.)

No Good Deed Goes Unpunished

¶7. (C) It has been reported that individuals who have tried to make a difference and do their jobs have had family members threatened, kidnapped, or simply disappeared. The former Acting Customs Director General and his driver were assassinated in June 2006 while driving to work. The current Customs Director General's two sons were subjects of an attempted (though failed) kidnapping. The pervading feeling in the POEs is fear.

The Way Forward

¶8. (C) Comment. Internationally recognized best practices (inspections, personnel control, etc. exist for each issue in the current POE system. An interagency group, the Border Security Enhancement Working Group (BSEWG), led by the Department of Homeland Security, is currently addressing the challenges of border control in Iraq. The BSEWG is working

with the GOI to have a strategy defined by May 2007. It has also been reported that the Prime Minister's office is currently exploring the possibility of creating a Port Authority to manage the sea and air POEs. Although more training would be useful, it would be a waste of time and money, if the newly trained POE employees are not permitted to use this training on the job. Infrastructure fixes and process changes are simple and well known to professionals inside Iraq, but corruption and incompetence throughout the organizations involved, combined with the GOI's limited authority outside the capital make it unlikely needed changes can or will be made any time soon. End Comment.

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